



INTERNATIONAL TRADE COMMISSION

Investigation No. 337-TA-860

COMMISSION DETERMINATION TO REVIEW IN PART A FINAL INITIAL DETERMINATION AND SET A SCHEDULE FOR FILING WRITTEN SUBMISSIONS ON THE ISSUES UNDER REVIEW AND ON REMEDY, THE PUBLIC INTEREST, AND BONDING

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission (“the Commission”) has determined to review in part the final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on December 13, 2013.

FOR FURTHER INFORMATION CONTACT: Michael Liberman, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW, Washington, D.C. 20436, telephone (202) 205-3115. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW, Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: This investigation was instituted on October 30, 2012, based upon a complaint filed by Avago Technologies Fiber IP (Singapore) Pte. Ltd. of Singapore; Avago Technologies General IP (Singapore) Pte. Ltd. of Singapore; and Avago Technologies U.S. Inc. of San Jose, California (collectively, “Complainants”), alleging a violation of section 337 of the Tariff Act of 1930, as amended, (19 U.S.C. 1337) in the importation, sale for importation, or sale within the United States after importation of certain optoelectronic devices for fiber optic communications, components thereof, and products containing the same by reason of infringement of certain claims of U.S. Patent Nos. 6,947,456 (“the ‘456 patent”) and 5,596,595 (“the ‘595 patent”). 77 FR 65713 (October 30, 2012). The Commission named IPtronics A/S of Roskilde, Denmark; IPtronics Inc. of Menlo Park, California; FCI USA, LLC, of Etters, Pennsylvania; FCI Deutschland GmbH of Berlin, Germany; FCI SA of Guyancourt, France; Mellanox Technologies, Inc. of Sunnyvale, California; and Mellanox Technologies Ltd. of Yokneam, Israel (collectively, “Respondents”) as respondents. The Commission also named the Office of Unfair Import Investigations as a party in this investigation.

The final ID on violation was issued on December 13, 2013. The ALJ issued his recommended determination on remedy, the public interest and bonding on the same day. The ALJ found that a violation of section 337 has occurred in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain optoelectronic devices for fiber optic communications, components thereof, and products containing the same by reason of infringement of certain claims of the ‘595 patent. All the parties to this investigation filed timely petitions for review of various portions of the final ID,

as well as timely responses to the petitions. The ALJ recommended that the Commission issue a limited exclusion order directed to Respondents' accused products that infringe the '595 patent. The ALJ also recommended that the Commission issue a cease and desist order against the Mellanox and FCI respondents.

On January 15, 2014, Complainants filed a post-RD statement on the public interest pursuant to Commission Rule 201.50(a)(4). On the same day, respondents Mellanox Technologies, Inc. and Mellanox Technologies, Ltd. also filed a submission pursuant to the rule. No responses from the public were received in response to the post-RD Commission Notice issued on December 16, 2013. *See* Notice of Request for Statements on the Public Interest (Dec. 16, 2013).

Having examined the record in this investigation, including the ALJ's final ID, the petitions for review, and the responses thereto, the Commission has determined to review the ID in part. In particular, the Commission has determined as follows:

(I) With respect to the '595 patent:

(a) to review the ALJ's claim construction of the limitation "current-spreading layer" and infringement and domestic industry (technical prong) determinations relating to that limitation;

(b) to review the ALJ's determinations with respect to whether Complainants met the economic prong of the domestic industry requirement under subsections 337(a)(3)(A), 337(a)(3)(B), or 337(a)(3)(C).

(II) With respect to the '456 patent:

(a) to review the ALJ's claim construction, infringement, and domestic industry (technical prong) determinations;

(b) to review the ALJ's determinations with respect to whether Complainants met the economic prong of the domestic industry requirement under subsections 337(a)(3)(A), 337(a)(3)(B), or 337(a)(3)(C).

The parties are requested to brief their positions on only the following issues, with reference to the applicable law and the evidentiary record:

(1) With respect to the ID's determination regarding the economic prong of the domestic industry requirement with respect to both asserted patents in this investigation, discuss whether Complainants are permitted to rely upon their research and development investments to satisfy the requirements under section 337(a)(3)(A) and (B) or whether such investments are only applicable to establishing a domestic industry under section 337(a)(3)(C). Explain all relevant statutory provisions, case law, and Commission precedent pertaining to this issue. *See* ID at 201.

(2) With respect to the '595 patent, discuss Complainants' investments in research and development attributed to their products relied upon for satisfying the economic prong of the domestic

industry requirements as compared to their complete QSFP product line. Provide citations to the record and a response to the argument raised by Respondents as to “inherently discordant” in the evidence relied upon by Complainants and the ALJ (see Respondents’ Petition at 74).

(3) Please provide evidentiary support in the record regarding whether the U.S. investments alleged by Complainants are significant or substantial in the context of the Complainants’ business, the relevant industry, and market realities.

(4) With respect to the ‘456 patent:

(a) Discuss whether there is an “intent requirement” in the context of claim construction of the claim limitation “parameter for affecting.” Also, please address any discussion of an “intent requirement” in the ID’s infringement analysis with respect to that claim limitation. ID at 104-108.

(b) The ALJ stated that:

Moreover, the ALJ

finds that Respondents also presented evidence that [****] Thus, the ALJ finds that this suggests the purpose of that value is [****] ID at 106-107.

Complainants argue, *inter alia*, that there is no intrinsic or extrinsic evidence to support the ALJ's construction of this parameter such that it must affect only the negative peak portion, and no other portion of the waveform, that these are open-ended "comprising" claims, and it is undisputed that the inclusion of additional features is insufficient to avoid infringement. *See* Complainants' Petition at 35 (citations omitted).

- (i) Please comment on the merits of Complainants' argument.
- (ii) Does the ALJ's analysis and finding, quoted above, preclude his determinations that neither the accused products nor the alleged domestic industry products meet the claim limitation "parameter for affecting"?

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the Respondents

being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or are likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (Dec. 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation. The Commission also specifically requests briefing from the parties concerning the following:

Please provide evidentiary support in the record regarding whether and to what extent Respondents' customers that "operate in extremely important and sensitive areas" would be adversely impacted by the requested remedial orders. Please explain your position as to the appropriate scope of the remedies that should issue in the event a violation is found in view of the public interest considerations of the

public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers with specific reference to the evidentiary record.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues under review. The submissions should be concise and thoroughly referenced to the record in this investigation. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest and bonding. Such submissions should address the recommended determination on remedy, the public interest and bonding issued on December 13, 2013, by the ALJ. Complainants and the IA are also requested to submit proposed remedial orders for the Commission's consideration. Complainants are further requested to provide the expiration date of the '595 and '456 patents and state the HTSUS numbers under which the accused articles are imported. The written submissions and proposed remedial orders must be filed no later than the close of business on February 28, 2014. Reply submissions must be filed no later than the close of business on March 7, 2014. No further submissions on these issues will be permitted unless otherwise ordered by the Commission. Party submissions should not

exceed 50 pages for the main submissions and 25 pages for the reply submissions.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the investigation number (“Inv. No. 337-TA-860”) in a prominent place on the cover page and/or the first page. (*See Handbook for Electronic Filing Procedures,*

http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf).

Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with the any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission’s determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission’s Rules of

Practice and Procedure (19 CFR Part 210).

By order of the Commission.

Lisa R. Barton

Acting Secretary to the Commission

Issued: February 12, 2014.

[FR Doc. 2014-03550 Filed 02/19/2014 at 8:45 am; Publication Date: 02/20/2014]